

LEGISLATIVE SUMMARY

2000

June 2000

The 2000 legislative session was a productive one for the Department of Economic and Community Development. The first session of the new century produced significant economic development and housing legislation that will assist DECD in fulfilling its mission of improving the all around quality of life in Connecticut.

During this past session, legislation was enacted which allows businesses to claim up to \$100 million in business tax credits for investments that are made in projects in designated towns or in redeveloping contaminated or potentially contaminated properties. Another act gave the DECD the tools to help businesses develop clusters to begin working together in exporting goods and services to foreign markets.

Several of the recommendations of the Blue Ribbon Commission to Study Affordable Housing passed both chambers and became law. The affordable housing land use appeals procedure was the main focus of the legislation.

At the urging of the Governor, the General Assembly passed a bill which improves public accountability by making various changes to the Freedom of Information Act. These changes include subjecting any municipally designated agencies that prepare and implement economic development plans to Freedom of Information Statutes. Also, the Department was able to prevent certain legislation which would have proven detrimental to the Connecticut's strong new economy.

It is with the continued efforts of the Rowland Administration and General Assembly that we will build on all the opportunities that arise and keep Connecticut the best state in which to live, work, learn and play. My appreciation to all who helped further the goals of the Department during the legislative session.

James F. Abromaitis
Commissioner

LEGEND

AAC	"An Act Concerning..."
BOG	"Board of Governors of Higher Education"
CCEDA	the "Capital City Economic Development Authority"
CDA	the "Connecticut Development Authority"
CHFA	the "Connecticut Housing Finance Authority"
CHRO	the "Commission on Human Rights and Opportunity"
CII	"Connecticut Innovations Inc."
Commissioner	Unless otherwise defined, is the Commissioner of DECD
DAS	the "Department of Administrative Services"
DECD	the "Department of Economic and Community Development"
DEP	the "Department of Environmental Protection"
Department	DECD
DCP	the "Department of Consumer Protection"
DHE	the "Department of Higher Education"
DPH	the "Department of Public Health"
DSS	the "Department of Social Services"
DSR	the "Division of Special Revenue"
DRS	the "Department of Revenue Services"
FOIA	"Freedom of Information Act"
FOIC	"Freedom of Information Commission"
HB	"House Bill"
MAA	the "Manufacturing Assistance Act"
OPM	the "Office of Policy and Management"
PA	"Public Act"
SB	"Senate Bill"
SA	"Special Act"
SCPRIF	the "Special Contaminated Property Remediation and Insurance Fund"

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PUBLIC ACT 00-140 — SB 640

Emergency Certification

AN ACT IMPLEMENTING THE MASTER DEVELOPMENT PLAN FOR THE ADRIAEN'S LANDING PROJECT AND THE STADIUM AT RENTSCHLER FIELD PROJECT

The act makes numerous changes in the funding, development, control of, and requirements for, the Adriaen's Landing Project in downtown Hartford as established in 1999 legislation (PA 99-241).

Most of the changes reflect a shift in control over the project's development to the OPM. Other major developments are the change of the stadium's location from Hartford to East Hartford and the inclusion of hotel, retail, entertainment, and housing components related parking facilities within the project's scope in addition to the convention center and its related parking facilities.

These changes result in revisions to bond authorizations and their uses, the powers and responsibilities of the OPM secretary and the Capital City Economic Development Authority (CCEDA), and the scope of exemptions from various state laws and taxes.

Under the act, the state will own the Adriaen's Landing and stadium sites; CCEDA will own the convention center; and private entities will own the convention center hotel and entertainment, retail, housing, and office facilities.

Specifically the act:

1. requires the governor to certify to the treasurer and Bond Commission that the state has received at least \$210 million in legally enforceable private financial commitments before bond funds are issued and that the legislature approve any changes in the master development plan that materially change the project's components;
2. shifts control over \$187 million in bond funds for the convention center from the DECD to OPM and shifts \$24.25 million in bonds authorized for the former sportsplex for use for other development at Adriaen's Landing;
3. expands the purposes for which bond funds can be used to include site preparation, infrastructure improvements, and relocation costs; construction management and development services fees; incentive payments for on-time and below-budget project completion; title insurance; and establishment of reserve funds related to project financing;
4. establishes a range of fiscal controls on the project, including the appointment of an independent auditor and the designation of a senior OPM staff person as project comptroller responsible for overseeing the public funds spent on the project;

5. relocates the University of Connecticut (UConn) football stadium to East Hartford, gives the OPM secretary control over its name and authorizes naming it Rentschler Field for 15 years in return for a \$2 million donation from United Technologies Corporation (UTC) that will be used for road improvements, and permits the sale of the name after 15 years with UTC's approval;
6. authorizes the secretary to acquire (a) the UConn stadium facility site, (b) land for all of the Adriaen's Landing components, and (c) other property deemed necessary for off-site infrastructure improvements at either location rather than, as under current law, just the sportsplex and its parking facility, and adapts to the reconfigured project his existing powers to take and acquire land;
7. requires the secretary and CCEDA to (a) make sure contractors on Adriaen's Landing and stadium projects pay prevailing wages or enter a project labor agreement, follow state set-aside laws, and hire qualified members of minority groups and Hartford and East Hartford residents for construction and operating positions and (b) appoint independent compliance monitors to make sure these requirements are followed, and make CCEDA's contract with a private convention center manager a state contract requiring the payment of standard wage rates;
8. allows CCEDA to control parking facilities at Adriaen's Landing, set rates and rules for them, lease and sublease the air rights over and under them and the convention center, and use revenues from them, after paying operating and debt service costs, to cover operating losses or capitalize reserve funds;
9. exempts the project from additional state laws and broadens the existing exemptions from state laws and sales and conveyance taxes to cover more parts of the project;
10. requires the state to make payments in lieu of taxes (PILOT) to Hartford on the convention center and related parking facilities and allows the city to negotiate assessments on real property improvements for retail, commercial, and housing uses for up to 15 years;
11. establishes a local advisory committee, chaired by East Hartford's mayor and including UTC, town police and fire representatives, to identify, discuss, and make recommendations about the stadium's relationship with the town;
12. allows the payment of preliminary costs incurred before its effective date, thus legitimating payments of any preliminary costs incurred between passage of PA 99-241 and this bill's passage; and
13. deems its passage to fulfill PA 99-241's conditions for project financing.

EFFECTIVE DATE: Upon passage

PUBLIC ACT 00-54—HB 5171

Planning and Development Committee

AN ACT CONCERNING REGIONAL PLANNING COMMISSIONS

This act allows a regional council of governments (COG) to carry out its planning duties and responsibilities on its own instead of through a regional planning commission. These duties include formulating a regional plan of development.

The act allows, rather than requires, the bylaws of the regional COG to include provisions for organizing a regional planning commission. By law, the commissions are subdivisions of a COG and act on their behalf. The act allows a regional COG to buy real property for administrative office space.

Currently, a regional COG can enter into contracts to carry out their purposes. The act specifies that the COG must approve any such contract in the manner the council prescribes.

EFFECTIVE DATE: Upon passage

BACKGROUND

Regional Planning Organizations

There are 15 state-designated planning regions. Towns in a designated planning region can form three types of regional planning organizations: regional council of elected officials (RCEO), regional planning agency (RPA), or regional council of governments (RCOG). An RPA and RCEO may co-exist in the same region, but not with an RCOG. The region must terminate the RPA and RCEO if it wants to establish an RCOG, which then assumes their duties.

PUBLIC ACT 00-199—SB 392

Planning and Development Committee

Judiciary Committee

Government Administration and Elections Committee

Appropriations Committee

Commerce Committee

AN ACT TRANSFERRING ENFORCEMENT OF THE SET-ASIDE PROGRAM FROM THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT TO THE DEPARTMENT OF ADMINISTRATIVE SERVICES AND THE COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES AND CONCERNING THE REOPENING OF MATTERS BY THE COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES

This act completes the transfer of the Small Business Set-Aside Program from the DECD to the DAS that was started by PA 99-233. The act transfers an administrative function to DAS and requires state agencies to submit set-aside reports to it instead of DECD. Agencies must still send reports to the Commission on Human Rights and Opportunities (CHRO), and those that fail to do so violate the law requiring all agencies to cooperate with CHRO. The act requires CHRO to monitor, assess, and report on the extent to which state agencies achieve their set-aside goals.

The act sets conditions under which CHRO can reopen a case after disposing of it.

EFFECTIVE DATE: Upon passage.

PUBLIC ACT 00-167 — SB 140

AN ACT CONCERNING THE AUTHORIZATION OF BONDS OF THE STATE FOR CAPITAL IMPROVEMENTS AND OTHER PURPOSES.

The DECD received a limited amount of new bond funds during this off-budget year.

Section 53 of the act amends Sec. 32(d)(3) of PA 99-242, last year's bond act. The act allows for a grants-in-aid to New London for economic development and for the additional costs of improvement to the Fort Trumbull peninsula, not exceeding \$50,000,000, provided \$30,000,000 of said authorization shall be effective on July 1, 2000 and \$20,000,000 of said authorization shall be effective on July 1, 2001.

Section 66 of the act details the agreement reached between the state and UBS Warburg LLC. Financial assistance from the \$66 million in MAA will be payable in installments as follows: \$23 million in FY 01, \$23 million in FY 02, \$10 million in FY 03, and \$10 million in FY 04. In FY 03 and FY 04, \$7 million of the \$10 million scheduled to be awarded in each year is contingent upon the company constructing a new office tower (phase II of construction).

It should be noted that CII's bonding was reduced by \$395,100 in Section 64 of the Act. This money in this section was allocated for research, development and marketing of new technologies and products.

Section 20 repeals from CII \$1,000,000 that was allocated for grants-in-aid to the Connecticut Small Business Innovation Research Assistance Program.

EFFECTIVE DATE: July 1, 2000

PUBLIC ACT 00-89 — HB 5175

*Planning and Development Committee
Judiciary Committee*

AN ACT CONCERNING FAIR MARKET VALUE OF BROWNFIELDS

This act requires the determination of the value of property taken by a municipal redevelopment agency to take into account any evidence of its fair market value, including its environmental condition and the cost of environmental remediation, when the valuation is challenged.

EFFECTIVE DATE: October 1, 2000

BACKGROUND

Determination of fair market value

By law, when redevelopment agencies, local and regional school districts, regional pollution control authorities, and a variety of community development agencies take property by eminent domain, they must prepare a statement. The statement must describe the property and specify the amount of compensation to be paid for it. Anyone aggrieved by the statement can appeal to the Superior Court. The court must appoint a referee to view the property, revise the statement as he considers appropriate, and report back to the court. The report must contain a detailed statement of the referee's findings.

The act requires the report to take into account any evidence relevant to the property's fair market value, including its environmental condition and any required environmental remediation. The referee must make a separate finding for the remediation cost. The act entitles the property owner to a setoff of such costs in any pending or subsequent suit to recover remediation costs for the property.

PUBLIC ACT 00-171—SB 358

*Commerce Committee
Finance, Revenue and Bonding Committee*

**AN ACT CONCERNING THE SPECIAL CONTAMINATED PROPERTY
REMEDICATION AND INSURANCE FUND**

The SCPRIF portion of the act was proposed by the DECD. The act entails the following items:

1. The act expands the site remediation related activities that the DECD may fund under MAA to include providing funds to eligible brownfield redevelopers for site remediation or remediation insurance or insurance deductibles;
2. The act authorizes the Commissioner to include lead and asbestos removal or abatement costs in SCPRIF loans for demolition projects;
3. It gives the Commissioner and the SCPRIF Advisory Board additional options in selecting the event that will trigger SCPRIF loan principal repayment and permits DECD to seek partial loan repayment if repayment of the full loan is not feasible; and
4. The act permits DECD to set different interest rates and terms, within limits, for municipal SCPRIF loans than for loans to private entities.

EFFECTIVE DATE: October 1, 2000

FURTHER EXPLANATION

Expanded Use of Manufacturing Assistance Act Funds

The act authorizes DECD to provide MAA funds for brownfield redevelopers to buy insurance covering remediation costs and to pay remediation insurance deductibles. The law already allows the DECD to provide any combination of grants, credit, loans, loan guarantees, and participation interests in CDA loans.

The act also explicitly makes remediation of contaminated sites eligible for MAA financial assistance.

SCPRIF Loans

The act permits the use of SCPRIF loan funds for lead and asbestos removal or abatement costs as part of a full building demolition project to prepare contaminated property for development.

The prior law specified three events which would trigger the requirement to repay a SCPRIF loan; the sale or lease of a property or the approval of a final remediation action report by the Commissioner of the DEP. This act added a new repayment trigger, the sale

or release of municipal tax liens. It also provided that repayment may be required on the sale or lease of a portion of the property. The act authorizes the Commissioner to select the event from among these options that will trigger the requirement to repay a SCPRIF loan.

The Commissioner must waive repayment of a SCPRIF loan if the remediation cost makes the property's sale or lease, or the completion of the remediation, economically unfeasible. The act allows the Commissioner to seek partial repayment of the loan if only the partial payment is economically feasible.

The act also authorizes the Commissioner to vary SCPRIF loan interest rates and terms depending on whether the applicant is a municipality or a private entity. The law already allows him to vary the rate according to the length of the loan period. The law also caps the interest rate for a particular loan to the interest rate the state pays for its borrowing for the loan. The act specifies the cap is calculated based on state borrowing for loans with a term that is the same as the particular SCPRIF loan.

PUBLIC ACT 00-02 (June 19th Special Session) — HB 6002

Emergency Certification

AN ACT CONCERNING PROGRAMS AND MODIFICATIONS NECESSARY TO IMPLEMENT THE BUDGET RELATIVE TO THE DEPARTMENT OF SOCIAL SERVICES

Sections 8, 9 and 10 of the act affect the DECD. The act increases income limits and services in the DSS-administered Connecticut Home Care Program for Elders program. This program provides home-and community-based services to help low-income frail seniors avoid nursing home placements. It consists of a federal waiver portion that receives matching federal Medicaid funds and a solely state-funded portion.

The act requires the DPH commissioner to allow state-funded congregate housing facilities to provide assisted living services through assisted living service agencies. He may waive some assisted living service agency regulations to facilitate the establishment of assisted living programs in state-funded congregate housing.

Section 9 requires the DECD to establish assisted living demonstration programs in two federally assisted elderly housing developments.

EFFECTIVE DATE: October 1, 2000

SPECIAL ACT 00-13 — HB 5216

Appropriations Committee

**AN ACT MAKING DEFICIENCY APPROPRIATIONS FOR THE FISCAL YEAR
ENDING JUNE 30, 2000.**

The Department's budget was revised for Fiscal Year 2000-2001 as such:

	<u>Original #'s</u>	<u>Revised #'s</u>
Personal Services	[6,476,057]	<u>6,302,508</u>
Other Expenses	[3,209,937]	<u>3,180,618</u>
Equipment	1,000	
Elderly Rental Registry and Counselors	659,560	
Cluster Initiative	[2,500,000]	<u>2,000,000</u>
[Film Commission	200,000]	
[Freedom Trail	50,000]	
OTHER THAN PAYMENTS TO LOCAL GOVERNMENTS		
Entrepreneurial Centers	215,000	
Assisted Living Demonstration	[1,692,750]	<u>478,358</u>
Congregate Facilities Operation Costs	[3,606,241]	<u>4,698,698</u>
<u>Housing Assistance and Counseling Program</u>		<u>149,100</u>
Elderly Congregate Rent Subsidy	[1,296,499]	<u>858,030</u>
PAYMENTS TO LOCAL GOVERNMENTS		
Tax Abatement		2,243,276
Payment in Lieu of Taxes		2,900,000
AGENCY TOTAL	[25,050,320]	<u>23,686,148</u>

The original budget amounts for FY 2000-01 is listed in the first column. The revised budget amounts are displayed in the second column. If the amount is bracketed and has an amount listed in the next column, then this is the revised allotment for the department. If there are no brackets, then the amount stays the same for the fiscal year. Underlined items are new programs or totals for this fiscal year.

The Film Commission and the Freedom Trail were removed for the Budget for FY 2000-01. These items were re-introduced in the funding provided for from the surplus along with some other programs. They are as follows:

Film Commission	200,000
Freedom Trail	50,000
Amistad Dock	750,000
Central Tourism Account	500,000

OTHER THAN PAYMENTS TO LOCAL GOVERNMENTS

Jobs Incentive Grants	400,000
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SURPLUS TOTAL FOR AGENCY	1,900,000
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EFFECTIVE DATE: July 1, 2000

PUBLIC ACT 00-125—SB 622

Appropriations Committee

**AN ACT CONCERNING UNIFORM STANDARDS FOR THE EXPENDITURE
OF STATE FINANCIAL ASSISTANCE**

This act requires the OPM to adopt regulations establishing uniform standards for the cost accounting principles state financial assistance recipients (*e.g.*, towns, nonprofit agencies, and tourism districts) must use in administering the funds.

EFFECTIVE DATE: Upon Passage

PUBLIC ACT 00-144 — HB 5160

*Labor and Public Employees Committee
Planning and Development Committee
Appropriations Committee*

AN ACT INCREASING THE MINIMUM WAGE

This act increases the minimum wage by 55¢ over two years, from \$6.15 to \$6.40 an hour beginning January 1, 2001 and to \$6.70 beginning January 1, 2002. Current law also states that whenever the federal minimum wage increases, the state minimum increases to that level, plus 0.5%.

By law, restaurant and hotel employers receive a 23% credit against the minimum wage for tipped employees. As a result of the credit, employers currently pay tipped employees \$4.74 per hour. The act freezes the amount at \$4.74 until January 1, 2003, when the employers must pay \$5.16 which is \$6.70 minus 23%. The act also requires employers to pay bartenders who regularly receive tips \$6.15 per hour until January 1, 2003, when they must receive \$6.70.

Finally, the act allows 15-year-olds to work in retail food stores on any Saturday. Prior law barred them from doing so unless school was not in session for at least five consecutive days. The act applies current daily and weekly hour restrictions to these 15-year-olds.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-153—SB 449

Commerce Committee

Finance, Revenue and Bonding Committee

AN ACT PROVIDING MATCHING GRANTS FOR BUSINESSES NEW TO EXPORTING

This act allows DECD to help businesses develop the expertise they need to begin exporting goods and services to foreign markets. The commissioner is able to provide this assistance through economic clusters using existing MAA bond funds.

The DECD can provide matching grants or third party in-kind donations to the businesses or their representatives. Organizations receiving grants must give him information regarding their goals, methodology, budget, and accomplishments in a form and manner specified by the commissioner.

EFFECTIVE DATE: October 1, 2000

FURTHER EXPLANATION

Eligible Activities

Clusters or other organizations representing businesses new to export can use the grants to:

1. recruit and organize member businesses to help them collaborate on exporting their products and services to foreign markets,
2. research and identify markets where there is a demand for their products and services,
3. designate agents who can help members access public and private export assistance programs, and
4. identify and contract with representatives in foreign markets to promote and sell members' products and services.

PUBLIC ACT 00-178 — SB 578

*Commerce Committee
Finance, Revenue and Bonding Committee*

AN ACT CONCERNING SMART BUILDINGS AND INTERNET BUSINESS DISTRICTS

This act creates a high-technology infrastructure fund within the CDA to provide financial assistance for information technology projects and requires that principal, interest, or other return on investment payments to CDA be deposited in the new fund.

It authorizes CDA to provide financial assistance in the form of grants, loans, extensions of credit, guarantees, equity investments, and other forms of financing. The act exempts the assistance from the prohibition against state agencies providing more than \$10 million in assistance for a business project during any two-year period without specific authorization from the General Assembly, and imposes new assistance limits.

The act expressly allows CDA to provide assistance to information technology projects under all other CDA programs. It also authorizes CDA to provide tenant lease guarantees and performance guarantees for any eligible project, and permits CII to provide financial assistance to “smart buildings,” incubator facilities, or other information technology intensive office and laboratory space.

EFFECTIVE DATE: October 1, 2000

ADDITIONAL INFORMATION

Section 44 of Public Act 00-01 from the June 19th Special Session changes the effective date of the act from October 1, 2000 to July 1, 2000.

PUBLIC ACT 00-187 — HB 5737

Education Committee
Appropriations Committee
Human Services Committee
Legislative Management Committee

AN ACT CONCERNING EDUCATION AID

This act primarily dealt with issues of education. Several sections affect the DECD however. They are as follows:

Section 28 of the act requires the Connecticut Employment and Training Commission within the Office of Workforce Competitiveness to produce a report that addresses Connecticut's workforce and research needs as they relate to information technology and electronic commerce. This report must include a long-range strategic plan for information technology workforce development.

The commission shall work with the Commissioners of DECD, Education and Higher Education and any business-related association or organization that the commission deems appropriate in creating a planning structure to develop the plan no later than July 5, 2000.

Section 29 of the act requires the DECD to maintain a registry of qualifying electronic commerce or information technology intensive companies.

Section 30 establishes a Connecticut information technology scholarship pilot program in order to provide scholarships, worth not more than \$3,000, for students entering or enrolling in an information technology related degree or certification programs in the state. Although the number of persons who may apply for and receive scholarships is uncertain, passage of the amendment would result in minimal administrative costs in FY 2001 and indeterminate future costs in subsequent years.

Section 31 establishes an information technology loan reimbursement pilot program administered by the DHE. Within available appropriations, the program shall provide a student loan reimbursement grant for persons who attended any institution of higher education, majored in an information technology related field, and are newly employed on or after January 1, 2001. Their employment should be with an electronic commerce or information technology intensive company, that has registered with or otherwise been qualified by the DECD pursuant to section 29 of this act, in an information technology intensive occupation verified by the department and identified in the strategic plan produced pursuant to section 28 of this act.

The DHE shall develop eligibility requirements for recipients. Such requirements may include income guidelines. Persons may apply for grants to the DHE at such time and in such manner as the Commissioner of Higher Education prescribes.

Section 32 of the act requires the Commissioner of the DECD to develop partnerships and assist companies in establishing student cooperative internship programs. Passage of the amendment would require approximately \$50,000 in additional resources, primarily to be used for marketing purposes.

Sections 55-59 deal with CII and the development of a high technology research and development program for the purpose of promoting collaboration between businesses and colleges and universities in Connecticut.

EFFECTIVE DATE: These sections take effect upon passage, except for 55-59 which take effect on July 1, 2000.

PUBLIC ACT 00-192 — HB 5922

Appropriations Committee

AN ACT CONCERNING INDIVIDUAL DEVELOPMENT ACCOUNTS, CORRECTIONAL FACILITY AND JUVENILE DETENTION CENTER PROJECTS, THE OFFICE OF WORKFORCE COMPETITIVENESS, PAYMENTS IN LIEU OF TAXES, GRANT PAYMENTS FROM THE MASHANTUCKET PEQUOT AND MOHEGAN FUND, WASTE WATER TREATMENT GRANTS, AN INFLATIONARY INCREASE FOR CERTAIN PRIVATE PROVIDERS, THE STATE-WIDE FIREARMS TRAFFICKING TASK FORCE, EDUCATION TECHNOLOGY, ARTS GRANTS, SCHOOL ACCOUNTABILITY, REGIONAL EDUCATIONAL SERVICE CENTERS OPERATING ONE OR MORE INTERDISTRICT MAGNET SCHOOLS, LAND SURVEYORS, APPRAISERS, CASINO PERMITS, CATERER LIQUOR PERMITS, HOME IMPROVEMENT CONTRACTORS, FAMILY AND MEDICAL LEAVE, COMPETITIVE TRANSITION ASSESSMENTS, VOCATIONAL AGRICULTURE CENTERS, APPLICATIONS FOR TAX EXEMPTIONS, EMERGENCY RELIEF GRANTS, AND A DEFERRED RETIREMENT OPTION PLAN FOR MUNICIPALITIES PARTICIPATING IN THE MUNICIPAL EMPLOYEES RETIREMENT FUND

Section 27 of the act allows the DECD to provide financial assistance to the Wadsworth Atheneum for the purpose of restoration and improvements in any two-year period in an aggregate amount not to exceed twelve million five hundred dollars.

Section 84 of the act corrects a tax problem for a company located in an Enterprise Zone.

EFFECTIVE DATE: Section 27 of the act takes effect on July 1, 2000. Section 84 takes effect upon passage of the act.

PUBLIC ACT 00-218 — HB 5858

Insurance and Real Estate Committee
Appropriations Committee
Human Services Committee

**AN ACT CONCERNING SELF-EMPLOYED INDIVIDUALS INSURED UNDER
THE SMALL EMPLOYER HEALTH PLAN**

The act makes self-employed people eligible for small employer health coverage by adding them to the definition of “small employer.” For groups containing only one member, the act allows insurers and HMOs to require proof that an individual has been self-employed for at least three consecutive months. It also eliminates HMOs’ ability to refuse to insure small employer groups of fewer than three eligible members.

Prior law defined a small employer only as a person, firm, corporation, limited liability company, partnership, or association actively engaged in business for three consecutive months and employing no more than 50 employees.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-194 — SB 605

Finance, Revenue and Bonding Committee

AN ACT CONCERNING ASSESSMENT PRACTICES FOR CONSTRUCTION IN ENTERPRISE ZONES

The act prevents a municipality from assessing property tax on improvements to property in an enterprise zone while they are under construction. By law, property taxes on improvements to buildings located in enterprise zones are deferred according to a fixed, seven-year schedule.

This act raises the cap on town populations from 35,000 to 60,000. Under the enterprise corridor program, enterprise zone benefits are granted to businesses in towns that designate industrial areas as enterprise corridors and cooperate in economic development activities.

EFFECTIVE DATE: Upon passage

BACKGROUND

Current state law allows three or more contiguous towns that are public investment communities to form enterprise corridor zones if at least half are located along the same interstate highway, limited access state highways, or intersecting interstate or limited access highways and the population of each town is not more than 35,000.

PUBLIC ACT 00-136 — HB 5684

Government Administration and Elections Committee

AN ACT CONCERNING PUBLIC ACCOUNTABILITY, ECONOMIC DEVELOPMENT AND PRIVATIZATION

This act makes the following changes to the Freedom of Information Act (FOIA):

1. subjects to the Freedom of Information Act any municipally-designated agencies that prepare and implement economic development plans;
2. expands certain exemptions under the act;
3. broadens the Freedom of Information Commission's (FOIC) authority to dismiss an appeal without a hearing;
4. requires the commission to establish and publish a model ordinance creating a municipal freedom of information advisory board; and
5. grants towns the power to adopt the model ordinance and establish the municipal freedom of information advisory board.

The act was a compromise worked out between the DECD, the FOIC and the Governor's Office.

FURTHER EXPLANATION

NEW AGENCIES SUBJECT TO THE FOIA

The act subjects municipally designated agencies that prepare and implement economic development plans to the FOIA. These agencies may include an economic development or public works commission; sewer, water, port, harbor, or parking commission or authority; redevelopment agency; nonprofit development corporation; or any other agency the town designates.

FOIA EXEMPTIONS

DECD Contracts

The act exempts from disclosure under FOIA information DECD or the CDA receives pursuant to any agreement entered before October 1, 2000. The exemption affects financial assistance applications submitted to DECD or CDA before October 1, 2000 and any related information that is obtained.

Trade Secrets

The bill exempts from disclosure information designated as trade secret information. This information is defined as information that receives its value when it is not known, or readily available, to people who could derive an economic gain from its use or disclosure. This information is in most instances deemed confidential.

The information includes formulas, patterns, compilations, programs, devices, methods, techniques, processes, drawings, cost data, and customer lists. Under current law, a “trade secret” is an unpatented, secret, commercially valuable plan, appliance, formula, or process used to make, prepare, compound, treat, or process confidential trade commodities.

“Trade secrets” continue to include commercial and financial information given in confidence but not required by law.

Financial Assistance Trade Secrets

The act eliminates an exemption under FOIA for grant, credit, and loan applications to DECD and CDA and all information obtained by them regarding any person or project. It instead exempts as trade secrets under FOIA, applications to DECD, CDA, or an implementing agency for grants, credits, or loans that include:

1. trade secrets, patents, marketing or business plans, plans for new products or services, reports of customer orders or sales, capital or strategic plans, or personal affairs;
2. information that will become a trade secret;
3. material that will be patented;
4. research and development information; or
5. other documents that would disclose information about the applicant’s customers, potential customers, credit, or finances.

The act specifies that this list does not include all of the information that may be exempted as a trade secret under FOIA. The exemption for applications to DECD, CDA, and implementing agencies also applies to their advisory boards and committees.

Audit Reports

The act exempts from disclosure under FOIA any audit or report prepared by the state auditors on a state information system’s internal control structure.

FOIC’S AUTHORITY TO DISMISS APPEALS

The act allows FOIC to dismiss an appeal without a hearing if it finds, after examining the appeal notice and construing the allegations in the appellant’s favor, that the agency committed a technical violation that constitutes harmless error and does not infringe the appellant’s rights under FOIA.

The authority is limited to appeals from an agency’s denial where the agency asked for a dismissal without a hearing. The commission already has the authority to dismiss appeals, using the same procedures, if it finds that the agency did not violate FOIA.

FOIC’S DUTY TO ESTABLISH A MODEL ORDINANCE

The act requires the FOIC, by December 31, 2001, to create, publish, and provide to each town a model ordinance establishing a municipal freedom of information advisory board to facilitate the exchange of information between the commission and the town. The commission must provide the ordinance to the town's chief elected official and may amend it.

EFFECTIVE DATE: October 1, 2000, except the requirement for a model ordinance and the exemption for reports or audits on a state information system's internal control structure are effective July 1, 2000.

PUBLIC ACT 00-60 — HB 5424

*Select Committee on Housing
Planning and Development Committee
Public Safety Committee*

**AN ACT CONCERNING PERMITS TO CONSTRUCT OR ALTER BUILDINGS
OR STRUCTURES**

This act prohibits municipal building officials from issuing building permits to home improvement contractors unless their applications clearly show the contractor's name, business address, and DCP registration number. Contractors must also present their certificates of registration as home improvement contractors.

This requirement applies to contractors that perform more than \$1,000 in home improvements per year, and are thus required by law to register with the DCP.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-132 — HB 5590

*General Law Committee
Finance, Revenue and Bonding Committee
Judiciary Committee*

AN ACT CONCERNING CONSUMER PROTECTION FOR NEW HOME CONSTRUCTION

This act requires that anyone with a contract to sell a new home must register as a new home contractor, but it exempts certain categories of contractors and professionals from the requirement. It requires the commissioner of the Department of Consumer Protection to reimburse anyone exempted by this act for their registration fees and guaranty fund payments if they were registered as new home construction contractors since the law became effective on October 1, 1999.

The law requires anyone engaging in the business of new home construction or holding himself out as a new home construction contractor to register. The act defines “engage in the business” to mean doing so for the purpose of payment or profit.

The act also (1) revises the requirement for contractors to provide consumers with a list of references; (2) defines when a new home is completed; (3) requires registration applicants to state (a) the identity of their worker’s compensation insurance provider, if required by state statute to have coverage, and (b) the name and address of an agent for service of process if required to have one by law; and (4) revises the law’s penalty provision.

Finally, it requires registration applicants to provide their business street address rather than either their business or home address.

EFFECTIVE DATE: Upon passage

PUBLIC ACT 00-173 — SB 357

*Select Committee on Housing
Planning and Development Committee
Commerce Committee*

AN ACT CONCERNING TENANT RIGHTS IN STATE PUBLIC HOUSING

This act requires public housing authorities that operate state-funded projects to adopt certain practices and procedures with respect to their tenants. They must give tenants written leases and encourage them to participate in state-funded housing programs that the authorities operate. The authorities must also help tenants become involved in managing their projects where appropriate.

The act requires authorities to adopt procedures for hearing tenants' complaints and grievances.

Those that also operate federally funded projects must adopt the same grievance procedure for both types of projects, thus giving tenants in state-funded projects the same substantive and procedural rights as those in federally funded projects. The authorities must also adopt procedures for soliciting comments from tenants on proposed policy and procedural changes, including those regarding admission and occupancy requirements.

The commissioner must adopt regulations setting minimum standards for the practices and procedures the act requires. The act supercedes an obsolete statute that required him to adopt uniform minimum standards for leases, grievance procedures, and tenant comment and participation regarding policy and procedural changes and project management.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-183 — SB 322

Banks Committee

**AN ACT CONCERNING THE RESIDENTIAL MORTGAGE REFINANCING
GUARANTEE PROGRAM**

This act removes the requirement that applicants for the new Residential Mortgage Refinancing Guarantee program, created by PA 99-262, must have mortgage insurance on the property in order to qualify. Mortgage insurance is usually obtained, either through a government agency or a private mortgage insurance company, by borrowers who have only a small down payment when they buy a house. It protects the lender in case the borrower defaults.

EFFECTIVE DATE: October 1, 2000

BACKGROUND

Residential Mortgage Refinancing Guarantee Program

PA 99-262 created the loan guarantee program, which is not yet operational, to help homeowners refinance mortgages on homes whose market values have declined below what they owe on their mortgages. To be eligible, people must have purchased their homes between 1986 and 1992, have incomes below 120% of the state median, have loan-to-value ratios of no more than 125%, and meet other requirements. The CHFA must run the program, work with secondary market investors, and design the program to facilitate sale of the guaranteed loans to secondary mortgage markets.

PUBLIC ACT 00-195—HB 5523

*Select Committee on Housing
Planning and Development Committee*

**AN ACT CONCERNING TECHNICAL AMENDMENTS TO THE HOUSING
STATUTES AND REPEALING THE PILOT PROGRAM FOR PRIVATIZATION
OF PUBLIC HOUSING PROJECTS**

This act eliminates a four-year pilot program operated by the DECD to promote the rehabilitation and private management of moderate rental housing projects owned by a town's housing authority.

It also makes technical corrections to references to the federal Fair Housing Act in the human rights and opportunities statutes. The act adds the federal act's U.S. Code citation and specifies that references to the act include all subsequent amendments.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-206 — HB 5107

Housing Committee

Planning and Development Committee

Judiciary Committee

Appropriations Committee

Commerce Committee

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE BLUE RIBBON COMMISSION TO STUDY AFFORDABLE HOUSING REGARDING THE AFFORDABLE HOUSING APPEALS PROCEDURE

The act makes numerous changes to the affordable housing land use appeals procedure. Under this new procedure, towns have the burden of proving certain facts to the court when a developer challenges their decision to reject a proposed affordable housing development. Normally, this burden falls on the developer. The procedure is available in towns with little or no affordable housing, as defined by law. Currently, 137 towns fall into this category.

The act changes one of the factors the DECD must use when it annually identifies the towns where the procedure can be used. It requires DECD to compute a town's share of affordable units based on its housing stock as of the last U.S. census instead of its current stock.

PA 00-206 increases the percent of units developers must agree to make affordable in order to use the procedure and lengthens from 30 to 40 years the time during which the units must remain affordable. It also imposes new conditions limiting the amount of rent that developers can charge for the affordable units.

The act grants local land use commissions more tools to assess proposed affordable housing developments. It requires developers to submit plans showing how they intend to comply with the law's affordability requirements. The Commissioner must adopt regulations delineating some of the elements the plans must contain. The act allows commissions to require developers to submit conceptual site plans if they need a zone change to build an affordable housing development.

It changes several procedural requirements for acting on an application after a developer modifies and resubmits it to the commission that initially acted on it.

The act specifies that towns have the burden to prove to the court that the evidence in the record is sufficient to support their decision to reject a proposed project on the grounds that it was necessary to protect public interests. It must be shown that those interests

outweighed the need for affordable housing, and that the proposed development could not be changed in a way that does not harm those interests.

The act allows any land use commission that acted on an affordable housing development the same power to enforce the conditions for using the procedure that zoning commissions have to enforce their orders and regulations.

It changes the time period and conditions under which towns can obtain a moratorium on affordable housing appeals. Currently, towns can obtain a one-time, one-year moratorium on affordable housing appeals if they participate in certain state housing programs and create units that equal 1% of their current housing stock. The act allows towns to obtain a three-year moratorium each time the total number of certain types of housing units equals 2% of the housing stock as of the last census or 75 unit-equivalent points, whichever is greater. It specifies the types of units that count toward a moratorium and assigns points to them.

Finally, the act allows towns to adopt ordinances providing property tax credits to residential owners if they agree to sell or rent their property only to low- and moderate-income people at prices they can afford. The owners must impose deeds restricting the sale or rental of the property to these groups for 40 years. These units count toward a moratorium and an exemption from the procedure.

The DECD must adopt regulations specifying how towns can obtain a moratorium and certify whether they qualify for one.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-212 — HB 5769

Commerce Committee

**AN ACT CONCERNING REPORTING REQUIREMENTS OF THE
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

This act reduces the frequency of the DECD commissioner's reports on new and outstanding financial assistance submitted to the auditors of public accounts and the Appropriations, Commerce, and Finance, Revenue and Bonding committees of the General Assembly.

It requires the commissioner to submit the reports annually by November 1. Prior law required DECD to provide the reports by March 1 and October 1.

The act also makes three minor technical changes to statutes regarding DECD and CII.

EFFECTIVE DATE: October 1, 2000

PUBLIC ACT 00-220 — HB 5317

Education Committee
Appropriations Committee
Human Services Committee
Joint Committee on Legislative Management

AN ACT CONCERNING REVISIONS TO THE EDUCATION STATUTES

This act primarily deals with education issues, but section 39 of the act requires the Board of Governors of Higher Education (BOG) and the DECD to jointly analyze the educational and economic impact of the planned relocation of the Three Rivers Community-Technical College. The analysis must cover at least:

1. the effect of the relocation on the economy and property taxes of the community the institution is leaving and the one to which it is moving,
2. the resources available to students in each community, and
3. the accessibility of each location for students attending the institution.

The BOG must forward the findings to the Board of Trustees of the Community-Technical Colleges. If the General Assembly has authorized the State Bond Commission to issue bonds for the relocation, the BOG must submit a report on the analysis and its findings to the commission for its review and consideration prior to issuing bonds.

EFFECTIVE DATE: July 1, 2000

PUBLIC ACT 00-01 (June 19th Special Session) — HB 6001

Emergency Certification

AN ACT IMPLEMENTING AND MAKING TECHNICAL REVISIONS TO THE STATE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2001

Section 27 adds further definition to the Sales Tax on Computer Software limitations specified in PA 00-174, An Act Making Administrative Changes And Clarifications To Various Tax Statutes, Providing A Tax Credit For Insurance Guaranty Funds, And Exempting The Teachers' Retirement System From The Tax On Health Care Centers.

PA 00-174 specifies that sales of “canned” computer software (programs that exist for general or repeated sale, license, or lease) are subject to the sales tax. This act limits PA 00-174’s applicability by narrowing its definition of canned software and expanding that of “custom” software (programs prepared on the special order of one customer). Sales of custom software are not taxable under PA 00-174 though certain services rendered in connection with their creation, installation, and implementation are.

Under this act, sale, license, or lease of canned or prewritten software first developed as custom software for in-house use is not taxable unless it is sold, licensed, or leased to unrelated third parties. PA 00-174 did not restrict taxable transactions to unrelated third parties.

In addition, software that combines two or more prewritten programs or modifies a prewritten program to accommodate a customer’s hardware requirements can be classified as “custom” software under this bill, but not under PA 00-174.

Section 43 changes the effective date of PA 00-178, An Act Concerning Smart Buildings And Internet Business Districts, from October 1, 2000 to July 1, 2000.

EFFECTIVE DATE: Section 27 takes effect upon passage. Section 43 takes effect July 1, 2000.

PUBLIC ACT 00-122 — SB 614

*Finance, Revenue and Bonding Committee
Planning and Development Committee*

AN ACT CONCERNING CERTAIN EMPOWERMENT ZONES

This act allows municipalities designated as urban empowerment zones under federal law to issue revenue bonds to provide funding for enterprise zone businesses with qualified zone property. Regardless of the municipality's regular bond issuing requirements, empowerment zone bonds must be authorized by a resolution adopted by the municipality's legislative body. Federal law exempts such bonds from federal taxation.

The bonds may be payable solely from, and secured solely by, income, proceeds, and revenue from borrowers who use bond proceeds to finance zone facilities or lenders who borrow bond proceeds in order to re-lend them for such financing. They are not considered municipal general obligations, chargeable against municipal property, or included in municipal debt calculations or limits. No bondholder can compel the municipality to levy a tax to repay them.

The act also allows municipalities to issue taxable bonds to pay issuance or other costs related to providing tax-exempt bond financing to enterprise zone businesses. The municipal board, officer, or agency charged with issuing the bonds must find they are in the municipality's best interest and that they further the act's purposes.

The act states that the municipal powers it confers benefit the public health, safety, welfare, and security and that, in exercising them, a municipality performs an essential government function. It also allows government agencies, banks, insurance and investment companies, and all fiduciaries to invest in empowerment zone bonds; allows state and municipal public bodies to receive and deposit them as security; and, once registered, makes them negotiable instruments under the Uniform Commercial Code.

EFFECTIVE DATE: Upon passage

BACKGROUND

Empowerment Zones

The Department of Housing and Urban Development establishes empowerment zones to create jobs and expand business opportunities in low-income communities. Empowerment zones receive preferences for federal grants. Businesses located in these communities are entitled to tax-exempt bond financing for renovations and expansions, and tax credits for employing workers who live in the zone. Currently in Connecticut, only part of New Haven has been designated as an empowerment zone.

PUBLIC ACT 00-170 — SB 523

Finance, Revenue and Bonding Committee

AN ACT CONCERNING REDUCTION OF VARIOUS TAXES AND FEES, SUNSET OF CERTAIN INSURANCE REINVESTMENT FUNDS, CREDITING OF INTEREST ON THE ATTORNEYS' CLIENT SECURITY FUND, A TAX ON SNUFF TOBACCO PRODUCTS, FUNDS FOR THE FISHERIES ACCOUNT, INCENTIVES FOR URBAN SITE REINVESTMENT AND USE OF THE TOBACCO SETTLEMENT FUND

There were a number of tax credits enacted in this bill. The main ones of interest to the DECD are as follows:

Section 5 of the act exempts sales of equipment to a telecommunications company or a cable television company that is used to provide high-speed data transmission or broad internet services. To qualify for an exemption, the equipment must provide service that transmits information at a minimum speed of 200 kilobits per second in at least one direction.

Section 7 of the act eliminates the sales tax on Internet access services one year early, by July 1, 2001 instead of by July 1, 2002. The tax on sales of all computer and data processing services, including Internet access, is in the third year of a six-year phase-out. The tax on those services is scheduled to drop from 3% to 2% on July 1, 2000; 1% on July 1, 2001; and to be eliminated on July 1, 2002.

In relation to the Housing Tax Credit Contributions Program (HTCC), sections 23 and 24 of the act do the following:

1. Removes the \$75,000 cap on the amount that any one firm may donate annually;
2. Removes the requirement that firms donate more in any given tax year than they may have donated in the previous year;
3. Requires that all contributions be in cash;
4. Allows any S corporation to be eligible for the entire credit and not be subject to the percentage of credit under the corporate tax phase out schedule; and
5. Removes the authority to approve an applicant's articles of incorporation from the Commissioner of the DECD and grants it to the President-Executive Director of the CHFA.

Sections 26 through 29 deal with financial assistance to UBS Warburg LLC. The act authorizes DECD to grant MAA assistance and exempts the assistance from the requirement that the General Assembly specifically approve economic development assistance to any company that exceeds \$10 million in two years.

Sections 30 & 31 remove tax credits for investments in funds that invest in insurance businesses. These sections effectively preclude any new insurance fund manager activities.

Section 37 specifies that at least \$75,000 be allocated to the DECD for an economic impact study of the lobster industry in the Long Island Sound. Sections 38 and 39 of the act allows businesses to claim up to \$100 million in business tax credits for the amounts they invest in projects in designated towns or in redeveloping contaminated or potentially contaminated properties.

Businesses can invest the funds directly in a project or through a fund manager registered under the act. Those making direct investments qualify if the investment exceeds \$20 million. Businesses investing through a fund manager qualify if the fund's total value exceeds \$60 million in the first year they claim the credits. Investments can be in the form of a loan made to the fund for the benefit of a taxpayer who guarantees the loan.

The commissioner must submit a request for credits over \$20 million to the legislature for approval as discussed below. He must also determine if requests exceeding \$100 million would benefit the state and recommend statutory changes needed to accommodate them. The credits equal 100% of the invested amount spread out over 10 years from when it was made. A business can begin claiming the credits three years after that date. It can claim 10% per year during the next four years and 20% during the last three.

Businesses can carry forward for up to five years tax credits they cannot use during the year in which they can be claimed. They can do this until the full amount is used.

EFFECTIVE DATE: Section 5 shall take effect July 1, 2001, and shall be applicable to sales occurring on and after July 1, 2001. Sections 23 and 24 shall be applicable to income years commencing on and after January 1, 2000. Sections 38 and 39 shall take effect July 1, 2000. Sections 7, 26 - 29, 30, 31 and 37 shall take effect upon passage.

PUBLIC ACT 00-174 — SB 525

Finance, Revenue and Bonding Committee

**AN ACT MAKING CHANGES TO VARIOUS SALES AND USE TAX STATUTES
AND THE ADMISSIONS AND DUES TAX STATUTES**

This act makes mostly technical changes in relation to the DECD.

Section 22 of the act modifies the corporation tax credit to allow new jobs created in an area qualified for a credit to be relocated within a qualified area and retain the benefits of the credit.

Section 51 of the act allows the DRS commissioner to disclose to tourism districts the names and addresses of taxpayers who operate hotel and lodging houses.

Also, the act updates the definitions in various tax laws by adding corresponding references to the 1997 North American Industrial Classification System manual to existing references to the 1987 Standard Industrial Classification manual and makes other technical changes.

EFFECTIVE DATE: Upon Passage

PUBLIC ACT 00-229 — HB 5865

*Finance, Revenue and Bonding Committee
Planning and Development Committee*

**AN ACT CONCERNING THE PROPERTY TAX STATUS OF HISTORICALLY
TAX-EXEMPT RESIDENTIAL HOUSING PROPERTIES**

This act exempts from local property tax any real or personal property owned or leased by a nonprofit organization for a nonprofit nursing home, rest home, or residential care home. The provision does not affect assessment years starting on or after October 1, 2000, the taxability of any property that was taxable on the preceding year's net grand list as adjusted by the board of assessment appeals or any time-limited, written agreement with a municipality concerning the property's taxability that exists on July 1, 2000. To be covered by the exemption, a home must be licensed by the DPH. The DPH licenses such homes that, in single or multiple facilities, furnish needed services beyond basic food, shelter, and laundry to two or more people who are not related to the home's proprietor.

The act also exempts certain Mohegan and Mashantucket Pequot property from the requirement that property be revalued every four years. The exemption applies to real estate designated within the 1983 settlement boundary and taken into trust by the federal government for the Mashantucket Pequots before June 8, 1999 and taken into trust by the federal government for the Mohegans.

The act requires municipalities to increase veterans' property tax exemptions after revaluation in proportion to increases in their net taxable grand lists instead of in proportion to increases in their total grand lists. It thus precludes big increases in the exemptions attributable solely to the addition of a large tax-exempt property to a town's grand list.

The act allows municipalities to share with their special services districts payments they receive from the state in lieu of taxes for tax-exempt property located in those districts. It also allows municipalities, by vote of their legislative bodies, to provide grants to people who own residential property in such districts and who are not delinquent in paying taxes due on the property. The grant authority covers owner-occupied, one- to three-family properties used as permanent residences by their occupants.

Finally, the act increases, from 0.8% to 1% of the gross amount wagered at the Plainfield dog track, the amount that the DSR must pay to Plainfield. It eliminates the permanent grant equal to 0.2% of the dog track's gross wagers that DSR must pay to the Northeast Connecticut Economic Alliance, Inc. every year and instead requires Plainfield to pay that amount to the alliance for FY 2000-01 only.

EFFECTIVE DATE: Upon passage and applicable to assessment years beginning October 1, 1998, except for the dog track provision, which takes effect July 1, 2000.